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THIS AMENDMENT:

Passed as amended by

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2002 DEC -9 P 1:41

PROPOSED IRVIN AMENDMENT # AZ-CORP COMMISSION
DOCUMENT CONTROL

TIME/DATE PREPARED

COMPANY: Arizona-American Water Co.

AGENDA ITEM NO. _____

DOCKET NO. W-01303A-01-0983OPEN MEETING DATE: December 9, 2002

DELETE entire sentence beginning on Page 10, Lines 17 and INSERT

"While we agree with Staff that the ratepayers should be protected from possible rate increase that may result from a possible downgrade of Arizona-American or its affiliates, we also recognize the subjective nature of determinations made by investment services and the possibility that the entire industry may suffer from a poor economy and/or volatile nature of today's volatile capital markets. Further, we also recognize that Arizona-American could be subject to a possible credit downgrade absent this merger, and that no protection for ratepayers currently exists to offset this possibility.

Based on the above, we find that Arizona-American's proposal to guarantee its credit rating for three years from the effective date of the reorganization reasonable and shall adopt it for purposes of Condition 13.

DELETE "ten" from Page 16, Line 20 and REPLACE WITH "three"

Arizona Corporation Commission

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CAR